

Message Text

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ORIGIN ARA-14

INFO OCT-01 ISO-00 AID-05 PM-05 CIAE-00 INR-10 NSAE-00
DODE-00 EB-08 TRSE-00 /043 R

DRAFTED BY ARA/AND/B - MR. TOYRYLA:LEE
APPROVED BY ARA - MR. BUSHNELL
ARA/AND - MR. BARNEBEY
LA-SA - MR. WEBER

-----006743 271824Z /41

R 271518Z MAY 78
FM SECSTATE WASHDC
TO AMEMBASSY LA PAZ

C O N F I D E N T I A L STATE 135949

E.O. 11652: GDS

TAGS: MILI, MASS, BL

SUBJECT: VISIT OF BOLIVIAN ARMED FORCES CHIEF OF STAFF

REF: LA PAZ 3850

1. BOLIVIAN ARMED FORCES CHIEF OF STAFF MG VICTOR GONZALEZ AND AMBASSADOR ITURRALDE CALLED ON ARA DEPUTY ASSISTANT SECRETARY BUSHNELL MAY 23. THE CALL WAS AN INFORMAL ONE, ARRANGED TO COINCIDE WITH GONZALEZ PRIVATE TRAVEL IN THE US.

2. GONZALEZ FIRST BRIEFLY REPORTED ON THREE CURRENT ITEMS OF INTEREST FROM THE MILITARY POINT OF VIEW. HE ASSURED BUSHNELL THAT THE MILITARY WERE FIRM IN THEIR COMMITMENT TO ELECTIONS AND WAS CONFIDENT THAT ELECTIONS WOULD BE CARRIED OUT AS PLANNED. HE NOTED, HOWEVER, THAT THERE ARE EXTREMIST ELEMENTS, MOSTLY ON THE LEFT, THAT ARE INTENT ON DISRUPTING THE ELECTORAL PROCESS,
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AND THAT THE MILITARY IS DEEPLY CONCERNED ABOUT THEIR ACTIVITIES. HE STATED THAT JUAN PEREDA IS NOT AN "OFFICIAL" CANDIDATE BUT IS PREFERRED BY THE MILITARY SINCE HIS PLATFORM IS BASED UPON THE CONTINUATION OF STABILITY AND GROWTH WHICH IS NOW SO NECESSARY FOR BOLIVIA. GONZALEZ CRITICIZED THE OTHER CANDIDATES FOR

THEIR LACK OF PROGRAMS AND CAMPAIGNS BASED SOLELY ON ANTI-GOVERNMENT RHETORIC.

3. GONZALEZ SAID THAT BOLIVIA HAD NO CRITICAL FOREIGN RELATIONS PROBLEMS AT THIS TIME. HE SAID THAT BOLIVIA REMAINS COMMITTED TO REGAINING AN OUTLET TO THE SEA. HE AGREED WITH BUSHNELL THAT RESUMPTION OF CONVERSATIONS WITH CHILE AND PERU WILL BE NECESSARY TO PRODUCE MOVEMENT TOWARD THE GOAL. HE WAS NOT TROUBLED BY THE PRESENT BREAK IN DIPLOMATIC RELATIONS BETWEEN BOLIVIA AND CHILE AND APPEARED CONFIDENT THAT CONTACTS COULD BE RESUMED. BUSHNELL ASSURED GONZALEZ THAT THE US IS DEEPLY INTERESTED IN SEEING A SATISFACTORY SOLUTION TO THE CORRIDOR PROBLEM AND INDICATED THAT SERIOUS THOUGHT IS BEING GIVEN TO INCLUDING REMARKS IN PRESIDENT CARTER'S UPCOMING PANAMA SPEECH WHICH WOULD ENCOURAGE PEACEFUL, NEGOTIATED RESOLUTION OF SUCH PROBLEMS AS BOLIVIA'S UNFULFILLED CORRIDOR ASPIRATIONS.

4. ON TIN, GONZALEZ REMINDED BUSHNELL OF THE CRITICAL IMPORTANCE OF TIN TO BOLIVIA'S ECONOMY AND EXPRESSED CONCERN OVER PROSPECTIVE GSA TIN DISPOSALS. BUSHNELL RESPONDED THAT THE US WAS BOUND BY LAW TO CARRY OUT DISPOSALS IN A MANNER THAT WOULD NOT DISRUPT INTERNATIONAL MARKETS. BUSHNELL ALSO POINTED OUT THAT PRESIDENT CARTER COMMUNICATED TO PRESIDENT BANZER OUR INTENTION

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TO CONSULT WITH BOLIVIA BEFORE GSA TIN DISPOSALS ARE CARRIED OUT.

5. TURNING TO FMS CREDITS FOR FY 1978, GONZALEZ ASKED IF SOFTER TERMS MIGHT BE MADE AVAILABLE TO BOLIVIA. BUSHNELL EXPLAINED THAT INTEREST RATES FOR FMS CREDITS WERE FIXED AND THAT ADJUSTMENTS WERE NOT POSSIBLE, BUT THAT THE PERIOD OF REPAYMENT MIGHT BE LENGTHENED IN SOME CASES. HE NOTED THAT BOLIVIA INTENDS TO USE A LARGE PORTION OF FY 78 FMS CREDITS FOR HOSPITAL EQUIPMENT AND THAT THE US DEPARTMENT OF THE TREASURY MIGHT BE AMENABLE TO LONGER REPAYMENT FOR THIS PORTION. BUSHNELL ASSURED GONZALEZ THAT WE WOULD LOOK INTO THE POSSIBILITIES AND RELAY FURTHER INFORMATION TO THE BOLIVIAN EMBASSY.

6. THE MAIN ITEM IN GONZALEZ'S PRESENTATION TO BUSHNELL DEALT WITH THE BOLIVIAN MILITARY'S CIVIC ACTION PROGRAM. GONZALEZ EXPLAINED THAT THE ARMED FORCES ARE EMBARKING ON A PROGRAM TO DEVELOP SELF-SUFFICIENT TOWNS AND VILLAGES ALONG THE COUNTRY'S BORDERS. ADMITTEDLY THE PROGRAM HAD MUCH TO DO WITH THE PROTECTION OF BOLIVIAN SOVEREIGNTY; HOWEVER, THE PLANS INVOLVED COLONIZATION,

OFFERS OF FREE LAND, AND RURAL DEVELOPMENT. GONZALEZ SAID ONE NEW VILLAGE WAS ALREADY IN OPERATION AND THREE MORE ARE BEING STARTED THIS YEAR. THE ARMED FORCES HOPE TO EVENTUALLY ESTABLISH 30 SUCH TOWNS AND VILLAGES. HE SAID THAT FUNDS WERE NEEDED TO CARRY THROUGH WITH THE PROGRAM AND ASKED IF IT WOULD BE POSSIBLE TO RECEIVE AID FUNDING MUCH IN THE SAME MANNER THAT AID FINANCING WAS APPLIED TO MILITARY CIVIC ACTION PROGRAMS IN THE 1960'S. BUSHNELL RESPONDED THAT AID LOANS SPECIFICALLY DRAWN UP FOR SUCH A MILITARY-SPONSORED PROJECT WOULD HAVE LITTLE CHANCE OF APPROVAL. HOWEVER, HE SUGGESTED THAT CERTAIN ACTIVITIES WITHIN THE SETTLEMENT PROGRAM MIGHT BE INCLUDED IN THE PL 480 TITLE III PROJECT LIST
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OR BE ASSISTED BY OTHER AID LOANS FOR RURAL DEVELOPMENT. HE POINTED OUT THAT IN VIEW OF THE FACT THAT THE SETTLEMENT PROGRAM WAS BEING PURSUED IN COORDINATION WITH OTHER GOB AGENCIES, AID FUNDS MIGHT BE FUNNELED THROUGH THESE OTHER AGENCIES IF THE ACTIVITIES MET AID LOAN CRITERIA. BUSHNELL SUGGESTED THAT THE QUESTION BE FURTHER DISCUSSED WITH AID/LA/SA, RICHARD WEBER.

7. IMMEDIATELY FOLLOWING THE CALL ON BUSHNELL, GONZALEZ AND ITURRALDE MET WITH WEBER, AND GONZALEZ AGAIN OUTLINED THE CIVIC ACTION SETTLEMENT PROJECT. WEBER'S MESSAGE TO GONZALEZ WAS SIMILAR TO BUSHNELL'S: AID WOULD NOT BE PREPARED TO CONSIDER PROJECTS DIRECTLY WITH THE BOLIVIAN ARMY; HOWEVER, TO THE EXTENT THAT THE ARMY SETTLEMENT PROGRAM COINCIDED IN SOME AREAS WITH RURAL DEVELOPMENT OR COLONIZATION PROJECTS BEING CARRIED OUT WITH OTHER AGENCIES, THERE MIGHT BE SOME POSSIBILITIES FOR COOPERATION. HE ENCOURAGED GENERAL GONZALEZ TO DISCUSS THE POSSIBILITIES FURTHER WITH THE USAID DIRECTOR IN LA PAZ. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ARMED FORCES, MILITARY VISITS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE135949
Document Source: CORE
Document Unique ID: 00
Drafter: MR. TOYRYLA:LEE
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780225-0053
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780510/aaaaaiop.tel
Line Count: 156
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 812a4693-c288-dd11-92da-001cc4696bcc
Office: ORIGIN ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 LA PAZ 3850
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 07 jul 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2509647
Secure: OPEN
Status: NATIVE
Subject: VISIT OF BOLIVIAN ARMED FORCES CHIEF OF STAFF
TAGS: MILI, MASS, OVIP, BL, US, (GONZALEZ, VICTOR)
To: LA PAZ
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/812a4693-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014